

Medicare Part D Fact Sheet:
Prescription Drug Plans in Alabama and Tennessee
August 29, 2005

OVERVIEW

- Every one of the more than 767,000 Medicare beneficiaries in the state of Alabama and 935,000 beneficiaries in Tennessee can choose to enroll in the voluntary Medicare prescription drug coverage beginning on November 15. While Medicare's negotiations for these plan choices are not yet finalized, it is clear that a range of drug plans will be competing aggressively to serve Medicare beneficiaries. By choosing the plan that best meets their needs, beneficiaries in Alabama and Tennessee can take advantage of options that include lower premiums and additional benefits. And all plans must meet Medicare's standards for access to medically necessary drugs and convenient pharmacies.

PRESCRIPTION DRUG PLANS

- Approximately 18 organizations will offer stand-alone prescription drug plans throughout Alabama and Tennessee in 2006.

Premiums

- The monthly premium, which is the amount of money that the Prescription Drug Plan will cost each month, can vary between plans depending on the type and level of coverage offered. Of the stand-alone Prescription Drug Plans available in Alabama and Tennessee, at least 1 plan will have a monthly premium under \$20, about 3 plans will have monthly premiums between \$20 and \$25, about 6 plans will have monthly premiums between \$25 and \$30, and about 14 plans will have premiums between \$30 and \$35.

Benefit Options

- Many of the available plan options have zero deductibles or deductibles lower than the \$250 deductible in the "standard" Medicare benefit. Plans with no deductibles provide help with drug costs starting with the first dollar that a beneficiary spends.
- Many of the plan options are "enhanced" plans that offer additional benefits beyond Medicare's standard drug coverage. Some of these enhanced plans have monthly premiums of less than \$30. An example of an enhanced benefit that will be available in Alabama and Tennessee includes coverage for generic drugs in the coverage gap.

Access to Needed Drug Treatments

- All of the prescription drug plans in Alabama and Tennessee, regardless of their premium and other benefits, must meet Medicare's standards for access to drugs that Medicare beneficiaries need. This includes coverage of essentially all drugs in six categories of treatments (drugs for mental

- illnesses including antidepressants, antipsychotics, and anticonvulsants; drugs for HIV/AIDS; drugs for cancer; and drugs affecting the immune system) and coverage of medically necessary treatments in all other categories of prescription drugs.
- All of the prescription drug plans in Alabama and Tennessee will meet Medicare's standards for access to pharmacies – including convenient neighborhood pharmacies, pharmacies serving all beneficiaries in long-term care facilities, and pharmacies providing home infusion treatments. Most of the Prescription Drug Plans in Alabama and Tennessee will also offer the option of using mail-order prescription services.

Zero-Premium Prescription Drug Plans for Beneficiaries with Limited Means

- Medicare beneficiaries with limited means who qualify for the full low-income subsidy in Alabama and Tennessee will be able to choose plans from approximately 7 organizations that will have a zero premium.
- Medicare and Medicaid dual-eligible beneficiaries in Alabama and Tennessee who do not select a Prescription Drug Plan will be automatically enrolled into one of these plans by November, so that they do not miss a day of coverage. These beneficiaries can switch plans at any time, before or after January 1.
- Beneficiaries who enroll in the low-income subsidy will be automatically enrolled in one of these zero-premium prescription drug plans in spring 2006, if they do not choose a plan on their own.

MEDICARE ADVANTAGE PRESCRIPTION DRUG PLANS

- All beneficiaries in this region will have access to a Regional Preferred Provider Organization (PPO). In addition, more than 80% of eligible beneficiaries in Alabama and 81% of eligible beneficiaries in Tennessee will have access to a Medicare Advantage plan offering prescription drug coverage.
- Most of these Medicare Advantage plans will offer additional coverage beyond the standard Medicare benefit, including low or no deductibles and additional coverage.
- Most of these Medicare Advantage plans will provide this coverage for a prescription drug premium of \$20 or even less. Note that the overall premium for Medicare Advantage plans is for both health care and prescription drug coverage and will likely be higher than the drug premium by itself.
- The prescription drug plans offered by Medicare Advantage Plans generally must meet the same requirements for access to medically necessary drugs and pharmacies as the stand-alone prescription drug plans.